



August 15, 2006

VIA EMAIL

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Ave., N.W.
Washington, DC 20551
regs.comments@federalreserve.gov

Re: Docket No. OP-1253

Dear Madam:

The Wisconsin Bankers Association (WBA) is the largest financial institution trade association in Wisconsin, representing approximately 300 state and nationally chartered banks, savings and loan associations, and savings banks located in communities throughout the state. WBA representatives were unable to attend public hearings held by the Board of Governors of the Federal Reserve System (FRB) earlier this summer regarding the Home Ownership and Equity Protection Act (HOEPA) rules and state and local predatory lending laws; therefore, WBA appreciates the opportunity to submit written comments on this topic today.

On December 20, 2001, the FRB amended Regulation Z, broadening the number of mortgage loans subject to HOEPA by:

1. Lowering the rate-based trigger for first lien loans; and
2. Including in the fee-based trigger premiums paid at closing for optional credit insurance and other debt protection products.

The amendments also added certain restrictions on HOEPA loans and changed the HOEPA disclosures given in addition to the standard Truth-in-Lending disclosures.

The amended rule was effective December 20, 2001; however, compliance was not mandatory until October 1, 2002.

Other than a small number of WBA member institutions discontinuing to offer single premium credit insurance products, these amendments had little impact on WBA members because the majority of them did not then, and do not now, engage in

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transactions which trigger the requirements of HOEPA's federal rules. A similar statement, however, could not be made with respect to certain other types of lenders, especially those not subject to federal supervision.

WBA was made aware that some of these non-federally supervised lenders were engaging in predatory lending practices which, in some instances, resulted in consumers paying exorbitant fees and/or losing their homes. As a result, WBA worked with several other trade and consumer groups to draft predatory lending legislation for the State of Wisconsin to protect consumers from these predatory lenders. The legislation became law and was effective on February 01, 2005. In large part, the new law tracks with HOEPA's federal rules. The new law also specifically provides for strong state enforcement authority and penalties, which were needed particularly for non-federally supervised lenders.

WBA firmly believes the current HOEPA federal rules and Wisconsin's law effectively protect consumers from predatory lending practices without limiting access to credit, and therefore does not support any change to these provisions at this time.

Again, WBA appreciates the opportunity to comment on this important matter.

Sincerely,

Kristine Cleven
Assistant Vice President-Legal